

Minutes

Board of Trustees

November 5, 2020 | 2:00-4:00 p.m. Eastern

Conference Call

Call to Order

Mr. Roy Thilly, Chair, called to order the duly noticed open meeting of the Board of Trustees (the “Board”) of the North American Electric Reliability Corporation (“NERC” or the “Corporation”) on November 5, 2020, at 2:00 p.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

Roy Thilly, Chair
Kenneth W. DeFontes, Chair-Elect and Vice Chair
Jane Allen
Robert G. Clarke
George S. Hawkins
Suzanne Keenan
Robin E. Manning
Jim Piro
James B. Robb, President and Chief Executive Officer
Jan Schori
Colleen Sidford

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
Stephen Coterillo, Engineer, Reliability Assessment
Howard Gugel, Vice President, Engineering and Standards
Kelly Hanson, Senior Vice President and Chief Administrative Officer
Mark Lauby, Senior Vice President and Chief Engineer
Sônia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
Mark Olson, Sr. Engineer of Reliability Assessment and Technical Committees
Janet Sena, Senior Vice President, External Affairs

NERC Antitrust Compliance Guidelines

Ms. Buzzard noted the public nature of the meeting and directed the participants’ attention to the NERC Antitrust Compliance Guidelines included in the advance meeting materials. She stated that any additional questions regarding these guidelines should be directed to Ms. Mendonça.

Introduction and Chair's Remarks

Mr. Thilly welcomed all of the attendees to the meeting, acknowledging the presence of Ms. Patricia Hoffman, from the Department of Energy (DOE), and Mr. John McAvoy, Chairman and CEO of Consolidated Edison of New York. He thanked Mr. Robb and NERC staff for their work amid COVID-19 and reported that the February 2021 Board meetings will be held online. Mr. Thilly noted that the Reliability and Security Technical Committee (RSTC) and Reliability Issues Steering Committee (RISC) Joint Presentation would immediately follow Mr. Manning's report on standards quarterly activities.

Consent Agenda

Upon motion duly made and seconded, the Board approved the consent agenda as follows:

Minutes

The draft minutes for the August 20, 2020 meeting was approved as presented to the Board at this meeting.

Committee Membership and Charter Amendments

Compliance and Certification Committee Membership

RESOLVED, that the Board hereby appoints the following individuals to the Compliance and Certification Committee (CCC), each for a term of three years effective January 1, 2021:

- Jodirah (Jody) Green, ACES, Electricity Marketer
- Jennifer Flandermeyer, Evergy, Investor-Owned Utility
- Patricia (Patti) Metro, NRECA, Transmission-dependent Utility
- Scott Tomashefsky, Northern California Power Agency, State/Municipal Utility
- Matthew F. Goldberg, ISO New England, ISO/RTO
- Patricia Robertson, BC Hydro, Federal Or Provincial Utility/Power Marketing Administration
- Kristine Bienert, CAMPUT, Canadian Provincial
- Anna Le, Canada Energy Regulator (CER), Canadian Federal
- Zachary Heidemann, Michigan Public Service Commission, U.S. State
- William H. Chambliss, Virginia State Corporation Commission, U.S. State

FURTHER RESOLVED, that the Board hereby appoints the following individuals to the CCC, each for a term of three years effective January 1, 2021, contingent on the Federal Energy Regulatory Commission's approval of the revised CCC Charter:

- Mark E. Buchholz, Western Area Power Administration, At-large

- Mahmood Safi, Omaha Public Power District (OPPD), At-large
- Rene' L. Free, South Carolina Public Service Authority, At-large
- Ellen Watkins, Sunflower Electric Power Corporation, At-large
- Tim Self, Southern Company, At-large

Personnel Certification Governance Committee Membership

RESOLVED, that the Board hereby appoints Mike Hoke (PJM) as vice chair of the Personnel Certification Governance Committee (PCGC), for a two-year term effective December 31, 2020.

FURTHER RESOLVED, that the Board hereby appoints Steven Rainwater (ERCOT) to the PCGC, for a two-year term effective December 31, 2020.

FURTHER RESOLVED, that the Board hereby re-appoints Don Urban (ReliabilityFirst) to the PCGC, for a one-year term effective December 31, 2020.

FURTHER RESOLVED, that the Board hereby re-appoints the following members to the PCGC, for a for a two-year term effective December 31, 2020:

- Cory Danson, Western Area Power Administration;
- Mark Thomas, Entergy; and
- Marty Sas, SERC Reliability Corporation.

Regular Agenda

Remarks and Reports

Remarks by Patricia Hoffman, Principal Deputy Assistant Secretary, DOE

Mr. Thilly introduced Ms. Hoffman of DOE. Ms. Hoffman expressed her appreciation for the work done in supporting DOE and consumers through the restoration of power amid inclement weather and COVID-19. She remarked on DOE's continued work on energy storage, Federal Emergency Management Agency and U.S. Department of Housing and Urban Development funding, resilience modeling, and critical defense facilities.

Remarks by Remarks by John McAvoy, Chairman and CEO, Consolidated Edison of New York

Mr. Robb and Mr. Cancel introduced Mr. McAvoy of Consolidated Edison of New York. Mr. Robb noted Mr. McAvoy's retirement at the end of 2020. Mr. Robb and Mr. Cancel presented Mr. McAvoy with gifts to commemorate his illustrious career in the electric sector. Mr. McAvoy remarked on cyber and physical security, emphasizing the importance of collaboration and innovation.

President's Report

Mr. Robb noted the 55 year anniversary of the 1965 blackout that affected 30 million people. He discussed how reliability performance of the grid has improved, noting that the ERO Enterprise has continued to accomplish its goals despite COVID-19 and weather events. Mr. Robb acknowledged Mr. Lane Lanford's retirement and contributions to the ERO Enterprise, and congratulated Mr. Jim Albright, who will start his new role as Texas RE President and CEO starting January 1, 2021.

Ms. Sara Patrick remarked on the continuing transformation of the ERO Enterprise. She noted the importance of leveraging their knowledge and resources and increased communication and outreach to mitigate emerging risks to the grid.

Report on the October 30, 2020 NERC Trustees and Regional Entity Board Officers Annual Meeting and Board of Trustees Closed Meeting

Mr. Thilly reported that the NERC Board of Trustees met with Regional Entity board officers and executives on October 30, 2020. He remarked that SERC will move to a hybrid board in January 2021, noting that all Regional Entity boards will then have independent directors.

Mr. Thilly also reported that before the open meeting, as is its custom, the Board met in closed session with NERC management to review NERC management activities. The Board discussed confidential matters, including security and legal issues.

Board Committee Reports

Corporate Governance and Human Resources

Mr. Hawkins, Committee Chair, reported on the Committee's closed meeting on October 30, 2020 and open meeting on November 4, 2020. At the closed meeting, the Committee received a management update and reviewed the Board of Trustees 2021 Master Calendar of Activities. At the open meeting, the Committee received an update on the 2020 ERO Work Plan Priorities and approved the annual Board and Board Committee Self-Assessment and the Member Representatives Committee Assessment questions.

Compliance

Ms. Shori, Committee Chair, reported on the Committee's executive meetings on September 17, 2020 and October 26, 2020 and open meeting on November 4, 2020. At the September 17, 2020 executive meeting, the Committee approved two Full Notices of Penalty. At the October 26, 2020 executive meeting, the Committee approved two Full Notice of Penalty and discussed the 2019-2020 Compliance Committee Work Plan. At the open meeting, the Committee received updates on facility ratings activities and the 2021 Compliance Monitoring and Enforcement Program Implementation Plan.

Finance and Audit

Mr. Clarke, Committee Chair, reported on the Committee's closed meeting on October 26, 2020 and open meeting on November 4, 2020. He reported that in the closed meeting, the Committee met with representatives with Grant Thornton to discuss the audit plan. Mr. Clarke reported that in the open meeting, the Committee reviewed the Third Quarter 2020 Statements of Activities and the 2022 Business Plan and Budget Schedule, and received an update on the 2021 Business Plan and Budget Status.

Mr. Clarke presented the third quarter financial results for the Board's acceptance. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee, hereby accepts the Third Quarter 2020 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Results, as presented to the Board at this meeting.

Enterprise-Wide Risk

Ms. Sidford, Committee Chair, reported on the Committee's closed meeting on October 26, 2020. At its meeting, the Committee: (i) reviewed the status of the 2020 Audit Plan; (ii) reviewed the annual assessment of corporate risks; (iii) approved the 2021 Annual Audit Plan; and (iv) received an update on Compliance and Certification Committee ("CCC") activities.

Technology and Security

Ms. Keenan, Committee Chair, reported on the Committee's closed meeting on October 13, 2020 and open meeting on November 4, 2020. In the closed meeting, the Committee received an update on NERC's cyber security posture and a Regional Entity cyber security update. In the open meeting, the Committee received an update on: (i) ERO Enterprise Business Technology projects; (ii) the ERO Enterprise Align project; and, (iii) the ERO Enterprise Secure Evidence Locker.

Nominating

Mr. DeFontes, Committee Chair, reported on the Trustee search.

Report by Rob Manning on Standards Quarterly Activities

Mr. Manning reported on the recent Standards Committee meeting, including the acceptance of the cold weather Standards Authorization Request (SAR) and work related to inverter-based resources.

Reliability and Security Technical Committee and Reliability Issues Steering Committee Joint Presentation

Mr. Peeler, Chair of the Reliability Issues Steering Committee (RISC), and Mr. Ford, Chair of the Reliability and Security Technical Committee (RSTC), presented on their respective Committee. They provided background information on their Committee and detailed coordination between the RISC and RSTC in addressing known and emerging reliability and security risks.

Standards Quarterly Report and Actions

Project 2019-03 Cyber Security Supply Chain Risks

Mr. Gugel presented the proposed Reliability Standards. Upon motion duly made and seconded, the Board approved the following resolutions:

Proposed Reliability Standards

CIP-005-7 – Cyber Security – Electronic Security Perimeter(s)

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-005-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-005-6, as presented to the Board at this meeting.

CIP-010-4 – Cyber Security – Configuration Change Management and Vulnerability Assessments

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-010-4, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-010-3, as presented to the Board at this meeting.

CIP-013-2 – Cyber Security – Supply Chain Risk Management

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-013-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-013-1, as presented to the Board at this meeting.

Implementation Plan for Project 2019-03 Cyber Security Supply Chain Risks

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan for the proposed Reliability Standards, as presented to the Board at this meeting.

Authorization

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

2021-2023 Reliability Standards Development Plan

Mr. Gugel presented the 2021-2023 Reliability Standards Development Plan, noting that the Standards Committee endorsed the plan on September 24, 2020. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the 2021-2023 Reliability Standards Development Plan, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Other Matters and Reports

Policy Input and Member Representatives Committee Meeting

Mr. Thilly referred to the discussion of policy input items and technical updates at the MRC meeting.

2021 ERO Enterprise Work Plan Priorities

Mr. Lauby presented the proposed 2021 ERO Enterprise Work Plan Priorities. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board hereby approves the 2021 ERO Enterprise Work Plan Priorities, substantially in the form presented to the Board at this meeting.

Cold Weather Preparedness

Mr. Gugel provided an update on cold weather preparedness, referencing the material provided in the advance agenda package. He noted NERC's multi-faceted approach to address the reliability risks presented by cold weather. Mr. Gugel highlighted NERC's dissemination of information on cold weather preparedness through webinars, Special Reports, Lessons Learned, and Failure Modes and Mechanisms. He noted that a standard drafting team was appointed and authorized to commence standard drafting for the cold weather Reliability Standard development project.

2020/21 Winter Reliability Assessment Preview

Mr. Coterillo presented the 2020-2021 Winter Reliability Assessment (WRA) preview, referencing the material provided in the advance agenda package. He noted that the 2020-2021 WRA will be released on November 13, 2020 and will identify, assess, and report on areas of concern regarding the reliability of the North American bulk power system (BPS) for the upcoming winter season. Mr. Coterillo reviewed the 2020-2021 WRA key findings.

2020 Long-Term Reliability Assessment Preview

Mr. Olson presented the 2020 Long-Term Reliability Assessment (LTRA) preview, referencing the material provided in the advance agenda package. He noted that the 2020 LTRA will be released on December 17, 2020 and will include key findings based on NERC's independent assessment of resource adequacy projections for the 2021-2030 assessment period. Mr. Olson reviewed the 2020 LTRA key findings.

Committee Reports

Representatives of the Standing Committees provided reports to the Board, highlighting items from their written reports, which had been included with the advance meeting materials.

Member Representatives Committee

Ms. Jennifer Sterling, Committee Chair, summarized the topics discussed at the November 5, 2020 meeting, including the election of MRC Officers for 2021.

Personnel Certification Governance Committee

Mr. Cory Danson, Committee Chair, provided an update on the activities of the Committee, referencing the material provided in the advance agenda package. He highlighted the continued research on the cybersecurity safety of remote proctoring for System Operator exams.

Standards Committee

Ms. Amy Casuscelli, Committee Chair, referenced the written report and highlighted the work on inverter-based resources and cold weather events and the Committee's endorsement of the 2021-2023 Reliability Standards Development Plan.

Compliance and Certification Committee

Ms. Jennifer Flandermeyer, Committee Chair, referred to the written report included in the advance agenda package, highlighting the Committee's third quarter meeting, which included a joint session with the Standards Committee. She presented the proposed amendments to CCC Monitoring Program Procedure CCCPP-0011-2: Procedure to Become a Prequalified Organization for Board approval. Upon motion duly made and seconded, the Board approved CCC Monitoring Program – CCCPP-0011-3, as presented to the Board at this meeting.

Electricity Subsector Coordinating Council

Mr. Robb reported on recent Electricity Subsector Coordinating Council activities, including an unclassified briefing on the current threat landscape.

Forum and Group Reports

North American Energy Standards Board

Mr. Michael Desselle, Chair of the NAESB Board of Directors, discussed NAESB's continued collaboration with NERC in the development of business practices and Reliability Standards.

North American Transmission Forum

Mr. Tom Galloway, Forum President and Chief Executive Officer, referenced the written report and highlighted certain items, including the Forum's response to COVID-19 challenges; the NATF and NERC October 9, 2020 leadership meeting; and collaboration with NERC, ReliabilityFirst, and SERC on mitigation practices to reduce risk introduced via the supply chain.

North American Generator Forum

Mr. Allen D. Schriver, Forum Chief Operating Officer, referenced the written report included in the advance agenda package. He discussed the NAGF's participation and support of the NERC Inverter-Based Resource Performance Working Group and collaboration with the NATF.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Sônia Mendonça
Corporate Secretary

Agenda

Board of Trustees

November 5, 2020 | 2:00-4:00 p.m. Eastern
Conference Call

Attendee Webex: [Join Meeting](#)

Call to Order

NERC Antitrust Compliance Guidelines*

Introduction and Chair's Remarks

Consent Agenda – Approve

1. **Minutes***
 - a. August 20, 2020
2. **Committee Membership and Charter Amendments***
 - a. Compliance and Certification Committee Membership
 - b. Personnel Certification Governance Committee Membership

Regular Agenda

3. **Remarks and Reports**
 - a. Remarks by Patricia Hoffman, Principal Deputy Assistant Secretary, DOE
 - b. Remarks by John McAvoy, Chairman and CEO, Consolidated Edison of New York
 - c. President's Report
 - d. Report on the October 30, 2020 NERC Trustees and Regional Entity Board Officers Annual Meeting and Board of Trustees Closed Meeting – **Information**
4. **Board Committee Reports**
 - a. Corporate Governance and Human Resources
 - b. Compliance
 - c. Finance and Audit
 - i. Third Quarter Unaudited Financial Statements – **Accept**
 - d. Enterprise-wide Risk
 - e. Technology and Security

- f. Nominating
- g. Report by Rob Manning on Standards Quarterly Activities

5. Standards Quarterly Report and Actions*

- a. Project 2019-03 Cyber Security Supply Chain Risks – **Adopt**
- b. 2021-2023 Reliability Standards Development Plan – **Approve**

6. Other Matters and Reports

- a. Policy Input and Member Representatives Committee Meeting – **Discussion**
- b. 2021 ERO Enterprise Work Plan Priorities* – **Approve**
- c. Cold Weather Preparedness* – **Update**
- d. 2020/21 Winter Reliability Assessment Preview* – **Review**
- e. 2020 Long-Term Reliability Assessment Preview* – **Review**
- f. Reliability and Security Technical Committee and Reliability Issues Steering Committee Joint Presentation* – **Review**

7. Committee Reports*

- a. Member Representatives Committee
- b. Personnel Certification Governance Committee
- c. Standards Committee
- d. Compliance and Certification Committee
- e. Electricity Subsector Coordinating Council

8. Forum and Group Reports*

- a. North American Energy Standards Board
- b. North American Transmission Forum
- c. North American Generator Forum

9. Adjournment

*Background materials included.